

Message Text

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PAGE 01 KUWAIT 04295 301359Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 COME-00 OMB-01 TRSE-00 STR-07
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TO SECSTATE WASHDC PRIORITY 1510

LIMITED OFFICIAL USE KUWAIT 4295

DEPT. FOR NEA/ARP

E.O. 11652: N/A
TAGS: ETRN, KU
SUBJECT: TAXATION OF INSTRUMENTS OF FOREIGN COMMERCE

REF: STATE 191803

1. MOST KNOWLEDGEABLE READY SOURCES OF INFORMATION ON SUBJECT, LARGE LOCAL SHIPPING COMPANY AND SENIOR PARTNER IN LARGE LOCAL LAW FIRM ASSURE US THAT KUWAIT LEVIES NO TAX COMPARABLE TO THAT DESCRIBED REFTEL ON FOREIGN FLAG VESSELS OR CONTAINERS. THERE ARE VARIOUS SERVICE CHARGES FOR HANDLING ALL CONTAINERS OF WHATEVER NATIONALITY PAYABLE TO THE MINISTRY OF COMMUNICATIONS, THE RESPONSIBLE GOK AUTHORITY FOR THE PORTS. ALL CHARGES IN KUWAITI PORTS REGARDING VESSELS OR CONTAINERS REFLECT ESSENTIAL SERVICES PERFORMED BY PORT AUTHORITIES, E.G. DOCKING, LOADING, HANDLING, PAPERWORK, ETC.

2. IN SHORT ALL CHARGES ON INSTRUMENTS OF FOREIGN COMMERCE, BE THEY AIRPLANE LANDING CHARGES, TRUCKING CHARGES OR STORAGE CHARGES APPLY TO ALL FLAGS AND REFLECT SERVICES PERFORMED BY GOK AUTHORITIES.

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3. QUESTION OF RELATIATORY TAXATION IN EVENT OF TAXATION OF KUWAITI FLAG VESSELS IS SERIOUS POSSIBILITY. SINCE GOK OWNS SEVERAL VESSELS, AUTHORITIES WOULD LIKELY VIEW TAXATION OF THEIR FLAG VESSELS, OR CONTAINERS, AS DISCRIMINATORY AND UNFAIR COMPETITION, AS WELL AS INFRINGEMENT OF SOVEREIGN RIGHTS.

4. WE FAIL TO UNDERSTAND WHY PRIME CONSTITUTIONAL GROUND
OF ATTACK ON LAW IS NOT "UNDUE BURDENING AND RESTRAINT
OF INTERSTATE COMMERCE". THIS TACK AND NEGATIVE
POLICY IMPLICATIONS OF RETALIATORY TAXATION ARGUE FORCEFULLY
AGAINST APPLICATION OF CALIFORNIA TAX TO VEHICLES OF
FOREIGN COMMERCE. SUTHERLAND

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Message Attributes

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